



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
CARVEL STATE BUILDING
820 N. FRENCH STREET
P.O. BOX 8911
WILMINGTON, DELAWARE 19899-8911

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 97-8

DECEMBER 31, 1997

SUBJECT: PUBLIC UTILITIES TAX REDUCTION

**CONTACT: RONALD A. KAMINSKI
(302) 577-8445**

I. INTRODUCTION

H.B. No. 320 amended Chapter 55, 30 Del. C., to provide for a reduction of the Public Utility Tax on the consumption of gas commodities or services from 4.25% to 2.00% for qualified licensed manufacturers or food or agri-business processors with business locations within Delaware. This Technical Information Memorandum is analogous to TIM 95-4, which provided for the same Public Utility Tax reduction on the consumption of electricity commodities and services.

II. REQUIRED QUALIFICATIONS

This Technical Information Memorandum is effective for all gas commodities or services distributed after December 31, 1997, to qualified business locations within Delaware and used primarily for manufacturing goods and for food or agri-business processing or the hatching of chickens in conjunction with either food processing or agri-business processing with this State.

The definition of manufacturing contained in 30 Del. C. §2701 is otherwise applicable to this Act. For purposes of this Memorandum, manufacturing does not include scientific, agricultural or industrial research, development or testing. The definition of food processor contained in 30 Del. C. §2901 is applicable to this Act. The definition of Agri-Business Processing, for these purposes, means any processing, working, development, change, conditioning or reconditioning of raw materials or products into products of a different character, or effecting any combination or composition of materials, the inherent nature of which is changed such that the resulting product is food for consumption by livestock or is fertilizer for agricultural use. The term "business location" means all contiguous real property in which the manufacturer or food or agri-business processor, as the case may be, has an interest, including a possessory interest.

The business location must employ over 70% of its personnel exclusively in the manufacturing or food or agri-business processing including hatching of chickens in conjunction with food processing or agri-business processing within this State. Personnel employed in the management or administrative support of the business location or another Delaware manufacturing or food or agri-business processing location are considered employed in such process within Delaware. Personnel employed at this business location who perform any services-related to, or in support of, any business activities conducted outside Delaware are not considered employed in such process within this State.

III. REQUIRED DOCUMENTATION

A qualified Delaware business location must submit a completed Form 5502TR-9501, Application For Reduction of Public Utilities Tax, to the State of Delaware, Division of Revenue, 820 N. French St., PO Box 2340, Wilmington, DE 19899-2340. Do not send applications directly to your gas distributor. A separate Form 5502TR-9501 must be completed and submitted to the Delaware Division of Revenue for each qualifying business location within Delaware.

Form 5502TR-9501 does not have to be completed for any business location which was previously approved in accordance with TIM 95-4 for the reduction of Public Utility Tax on the consumption of electricity commodities and services. The prior approval will automatically entitle the business location to the reduction in Public Utility Tax on gas commodities and services consumed after December 31, 1997.

IV. QUALIFICATION

Every applicant will receive a written determination from the Delaware Division of Revenue. All approved applications will be forwarded to the proper distributor of the gas commodities or services.

All approved applicants will have their utility account adjusted by the distributor to reflect the reduction in the Public Utility Tax. Any overpayment of the Public Utility Tax by the approved business location for gas commodities or services consumed from the effective date of the law to the date of adjustment by the distributor will be reflected in subsequent billings. All billing inquiries are to be directed to your distributor.



William M. Remington
Director of Revenue